

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Speier, et al. Analyst: Kristina E. North Bill Number: SB 1365
Related Bills: See Legislative History Telephone: 845-6978 Introduced Date: February 6, 2002
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: California Breast Cancer Research Fund/Allocate Funds To University of California & Extend Repeal Date

SUMMARY

This bill would:

- ◆ keep the California Breast Cancer Research Fund voluntary contribution on the tax return for another five years; and
- ◆ allow the University of California to use a portion of the fund to administer and market the Breast Cancer Research Program.

PURPOSE OF THE BILL

According to the author's office, the purpose of the bill is to continue to provide a mechanism for taxpayers to make charitable contributions to breast cancer research and reimburse the University of California for the administration and marketing of the program.

EFFECTIVE/OPERATIVE DATE

This bill would become effective on January 1, 2003, and would first apply to 2002 individual tax returns filed in 2003.

POSITION

Pending.

ANALYSIS

FEDERAL/STATE LAW

Current federal tax law provides a true checkoff to direct \$3 of a taxpayer's tax liability to the presidential election fund. Designation of the \$3 amount does not affect a taxpayer's tax liability or refund amount.

Current state tax law allows taxpayers to make contributions of their own funds (not tax liability) on their tax returns to ten voluntary contribution funds, including the California Breast Cancer Research Fund. Upon appropriation by the Legislature, the money contributed to the California Breast Cancer Research Fund is allocated to the University of California to support breast cancer research, and to reimburse the Franchise Tax Board's (FTB's) and the Controller's actual costs to administer the fund.

Board Position:

_____ S	_____ NA	_____ NP
_____ SA	_____ O	_____ NAR
_____ N	_____ OUA	_____ <u>X</u> PENDING

Department Director

Date

Gerald H. Goldberg

03/15/02

THIS BILL

This bill would extend the expiration date of the California Breast Cancer Research Fund from January 1, 2003, to January 1, 2008. Thus, this fund would last appear on the 2007 individual income tax return rather than the 2002 tax return.

This bill also would specify that the University of California may use up to 5% of the money allocated to it from the fund to administer and market the Breast Cancer Research Program.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not significantly impact the department's programs and operations.

LEGISLATIVE HISTORY

SB 602 (Alpert, Stats. 1997, Ch. 337) extended the operation of the California Breast Cancer Research Fund from January 1, 1998, to January 1, 2003, and required the fund to meet the indexed \$250,000 minimum contribution test. This bill also changed the responsible agency from the Department of Health Services to the University of California.

PROGRAM BACKGROUND

Ten voluntary contribution funds appeared on the 2001 California personal income tax returns. Total contributions to these funds have varied from approximately \$3.4 million in 1989/1990 to approximately \$3.8 million in 2000/2001. The number of individuals contributing (first tabulated in 1993) remains fairly constant at approximately 140,000, or slightly less than 1% of all taxpayers.

The California Breast Cancer Research Fund was enacted in 1992 and first appeared on the 1992 tax return filed in 1993. It will sunset on January 1, 2003, and last appear on the 2002 tax return filed in 2003. This fund received approximately \$641,000 from contributions on the 2000 tax return.

OTHER STATES' INFORMATION

These states were chosen because they allow individuals to contribute to voluntary contribution funds using state agency forms designed for another purpose, such as driver's license applications and personal income tax forms.

Illinois has the Penny Severns Breast and Cervical Cancer Research Fund on its individual income tax return with no scheduled repeal date.

New York has the Breast Cancer Research and Education Fund on its individual income tax return with no scheduled repeal date.

Florida, Massachusetts, Michigan, and Minnesota do not provide a voluntary contribution fund comparable to the Breast Cancer Research Fund allowed by this bill.

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

Based on the information and assumptions discussed below, the potential revenue losses would be insignificant, \$40,000 or less annually as a result of itemized deductions for the contributions.

Revenue Discussion

According to departmental data, nearly 61,000 taxpayers contributed \$641,000 to this fund in fiscal year 2000/2001 (an average of \$10.55 per contribution).

Assuming (1) the contributed amounts are included in itemized charitable deductions, (2) an average marginal tax rate of 6%, and (3) no reductions for other contributions normally reported, the annual revenue loss would be on the order of \$40,000 beginning in 2004/2005.

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